Post-budget memorandum to Government

5281. SHRI K.M. KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received some Post-Budget Memorandum urging Government to examine its tax laws in a dispassionate manner to boost the capital market;

(b) whether such Memorandum also suggested raising the exemption limit for personal taxation to Rs. 50,000;

(c) if so, the details thereof;

(d) whether Government propose to consider the proposals and suggestions made in the Memorandum; and

(e) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) Yes, Sir.

(c) A large number of memoranda have been received suggesting increase in the exemption limit for the personal taxation to Rs 50,000.

(d) and (e) The post-budget memoranda are examined as a part of the budget exercise

Revival Scheme by BIFR

5282. SHRI DIPANKAR MUKHERJEE: Will the Minister of FINANCE be pleased to state:

(a) whether, in the BIFR hearing held on 20th September, 1994 in regard to Tyre Corporation of India Limited (TCIL), all the Banks including the Lead Bank-Allahabad Bank, were agreeable to the provisions of the revival scheme formulated by BIFR;

(b) whether, inspite of the above, after the notification of the draft revival scheme by BIFR on 30th December, 1994 under Section 19(2) read with Section 19(1) of SICA, 1985, Allahabad Bank had put some new conditionalities to BIFR in February, 1995;

(c) if so, whether the Bench in its hearing on 6th March, 1995 had strongly reprimanded the lead Bank for such a reversal of stand affecting the revival of a sick public sector company; and

(d) what action has been taken by the Finance Ministry to ensure that Banks do not change their stand to jeopardise the revival process through BIFR?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) to (c) The Board for Industrial and Financial Reconstruction (BIFR) has reported that in its hearing on 20.09.1994, there was broad agreement amongst all concerned parties (including banks) on the relative provisions in the revival package prepared by the operating agency for Kakinara and Tangra units of the Tyre Corporation of India Ltd. (TCIL). Accordingly, a draft revival scheme for Kakinara and Tangra units of TCIL, as two independent profit centres, was circulated to all concerned vide BIFR's Order dated 13.12.1994 for consent as required under Section 19(2) read with Section 19(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). In its hearing held on 06.03.1995, BIFR while taking note of Allahabad Bank's suggestions, *inter alia* observed that as the lead bank, the Allahabad Bank had to release need-based working capital on the basis of a single window concept and that banks can ask for continuance of existing guarantees but not new guarantees. The BIFR also observed that it was necessary for the banks to adopt a more pragmatic,

positive and helpful attitude. BIFR reserved its orders and gave directions *inter alia*, to Allahabad Bank to hold a consortium meeting and discuss the various issues so that need based working capital is made available to both the Kakinara and the Tangra units as per the banks' commitment at the hearing held on 20.09.1994 and the provisions in the draft revival scheme.

(d) BIFR has further reported that Allahabad Bank has since informed it that the banks have agreed in principle to participate in the package on the terms and conditions envisaged in the package subject to Government of India agreeing to: (i) participate in the package on terms and conditions envisaged in the scheme and provide funds to the Company simultaneously, (ii) provide a term loan of Rs. 20 crores at a rate of interest of 10% and also infuse additional interest free funds so as to improve the debt service coverage ratio (DSCR) to the minimum level of 1.33, (iii) provide continuous guarantee for the entire commitment of banks including principal and interest; and (iv) replenish the past cash losses of TCIL so that the same may be utilised towards regularisation of the accounts and as such there may be no working capital term loan.

It may also be added that under Section 19(2) of SICA, a rehabilitation scheme requiring reliefs, concessions or sacrifices from banks and/or envisaging fresh financial assistance from banks is, *inter-alia*, circulated to the banks concerned for their consent. Banks give their consent to such schemes based on their commercial judgement. Section 19(3) of SICA provides that once a rehabilitation scheme has been sanctioned by the BIFR for revival of a sick industrial company, it is binding on all concerned, including the banks. Section 33 of SICA vests sufficient powers with BIFR to deal with cases of violation of any sanctioned scheme.

Action against brokers of Stock...

5283. SHRI V. GOPALSAMY: Will the Minister of FINANCE be pleased to state:

(a) the total number of stock-brokers, sub-brokers against whom SEBI has taken action during the last three years year-wise and exchange-wise;

(b) whether SEBI is planning to take action against certain registrars of issue, companies and other for violation of rules, etc; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) The total number of stock-brokers against whom SEBI has taken action during the last three years is given in the statement. (*see* below) SEBI has not taken action against any sub-broker during this period.

(b) and (c) While SEBI has initiated enquiry proceedings against two registrars to an issue and share transfer agents, it has issued notices to six others asking them to show cause as to why their applications for renewal of registration should not be rejected. SEBI has launched prosecution against four companies and issued show cause notices to four other companies. SEBI has initiated enquiry proceedings against nine Merchant Bankers for various defaults in accordance with the provisions of SEBI Merchant Bankers (Regulations), 1992.